



**MINUTES
CITY COUNCIL WORK SESSION
March 10, 2020**

CALL TO ORDER

The meeting was called to order at 5:30 pm.

Present: Mayor: Charlie Miner; Council: Tom Skjaret, Jahn Dyvik, Michelle Jerde, and Deirdre Kvale

Staff Present: City Administrator: Scott Weske, Public Works Director Sean Diercks

Absent: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Jerde, seconded by Dyvik, to approve the agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Discuss and Review Recommendation for Potential Utility Rate and Tier Adjustments

City Administrator Weske gave a brief overview of past utility rate adjustments, and described the rate adjustment that took place in 2018. He advised that a previously approved rate increase goes into effect in 2020, but noted staff is working towards seeking Council approval of a different rate structure in 2020, with utility tiers and rates set up in order to at least capture the operations cost on the Metropolitan Council side of things. He reviewed some of the impacts to the Sewer Fund that have occurred since 2013, such as the City experiencing a 76% increase in Metropolitan Council wastewater treatment charges, and the bonding for Watertown Road and CSAH 112 projects. He added that there may be some SAC and WAC fees that could come in from projects getting underway in the City as well during 2020. He explained that the Water Fund is not in a terrible position so the City may be able to do a one-time cash transfer to the Sewer Fund to help rather than taking anything from fund reserves. He reviewed his recommendations of reducing the quarterly base fees in the Sewer Fund to \$10 for Sewer and \$10 for Metropolitan Council, and reviewed examples of costs for an average user. He reiterated that these recommendations are simply trying to break even with the Metropolitan Council charges.

The Council discussed the accuracy of the new meters and the problem with groundwater that is getting into the Metropolitan Council system and being treated as wastewater. The Council asked for an update on what the City was doing to figure out how the groundwater is getting into the Metropolitan Council system.

Public Works Director Diercks stated that they are just waiting for the weather to cooperate so they can go in and televise the system and see what is happening.

Council member Dyvik stated that he likes the example that shows that the low users will not be seeing an increase.

Weske explained that they will actually see a decrease and gave other examples of costs for low users and snowbirds.

The Council discussed the idea that the proposed rate system would set up to be fairer than charging a flat rate because it is more proportional. The Council also discussed large commercial users and their expected bill increases.

Weske noted that he is proposing a larger flat rate increase in accounts that are non-metered, such as Orono properties. He gave an overview of the fixed sewer fees that the City pays to Orono for Fire Station 1. He explained that the goal, as the City's system grows in efficiency, is to start reducing the amount that goes towards the Metropolitan Council fees.

Council member Dyvik asked about the planned 4% increase.

Weske explained that as of right now, the 4% increase previously approved by Council resolution goes into effect unless the Council changes their mind and adopts a resolution with a different rate structure.

The Council discussed the projected budgeted loss and how that could be addressed with some of the changes proposed.

Council member Kvale stated that the information put together by City Administrator Weske is great, but she would like to see hard numbers.

Council member Skjaret stated that the City is in a bit of a conundrum right now because it has been absorbing the Metropolitan Council fees for so long, that to get the City back on track and have the users pay for their share of the expense, the first bill will be a tough one.

Weske stated that the residents have asked to be charged for what they actually use for sewer, which is what he is proposing along with reduced base rates. He gave an overview of his example calculations in the report.

The Council discussed the proposed Metropolitan Council pass through portion of the individual bills versus the operational costs.

Council member Kvale reiterated that she would like some hard numbers about how many people these changes will impact.

Weske stated that he has brought this issue in front of the Council many times because the City has been absorbing these costs for a long time.

Mayor Miner commented that he doesn't think the City was transparent enough last time in explaining why the rates were raised. We stated that he also wants to give residents enough notice that the rates would be changing. He stated that he would also like to see the data that supports the rate changes.

Council member Skjaret suggested e-mailing the Council members a bill from their individual accounts that shows the amount they are billed now, how it is broken out, and then show how their bills would look with the proposed changes.

OTHER BUSINESS

None.

ADJOURN

Mayor Miner adjourned the meeting by general consent at 6:26 pm.

Respectfully submitted,

Scott Weske
City Administrator